Manitoba

ANNUAL REPORT

2001 - 2002

Manitoba
Horse Racing
Commission

David Miles (Chair)
Dushant Persaud (Vice-Chair)
Glen Maxwell (Member)
Dr. Val Isman (Member)
Katherine Mollard(Member)

MANITOBA HORSE RACING COMMISSION
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June 21st, 2002

Minister of Industry, Trade & Mines
Room 358
Legislative Building
Winnipeg, Manitoba
R3C OV8

Attention: Ms. Maryann Mihychuk

Dear Ms. Mihychuk:

The undersigned has the honour to present the Thirty-Sixth Annual Report of the Manitoba Horse Racing Commission covering the fiscal year ended March 31st, 2002.

Yours truly,
Manitoba Horse Racing Commission

David Miles
Chairman

DM/jlc

THIRTY-FIFTH ANNUAL REPORT

THE MANITOBA HORSE RACING COMMISSION

For the year ending March 31, 2002

COMMISSIONERS - As of March 31st, 2002

David Miles	**Chair**	**Winnipeg**
Dushant Persaud	**Vice Chair**	**Winnipeg**
Glen Maxwell	**Member**	**Rossburn**
Dr. Val Isman	**Member**	**Gladstone**
Katherine Mollard	**Member**	**Stonewall**

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THIRTY-SIXTH ANNUAL REPORT

THE HORSE RACING COMMISSION

GENERAL

This report covers the twelve months ended March 31st, 2002.

THOROUGHBRED RACING

The total combined live and simulcast wagering for 2001/2002 was $35,677,900. This was a welcome increase of $2,884,878 (9%) from the previous year. However, of significance and concern is that, notwithstanding the overall increase, the wagering on live racing continued to slide (as outlined in the previous MHRC annual report) decreasing from about $6,200,000 to $6,000,000. This decrease was in spite of the Manitoba Jockey Club (M.J.C) reducing the track "take-out" on live betting in an effort to stimulate wagering.

The MHRC and MJC recognizing this problem, are discussing the implementation of programs to improve the caliber and competitiveness of the live racing which should lead to increased participation and wagering. Any programs implemented would be within existing budgets.

In order to continue to compete with dramatic purse increases offered by other jurisdictions, especially Ontario and Alberta, the MJC increased purses from an average of approximately $7,250 to approximately $7,450. For the racing season of 2002 a further increase has been put into effect for the aforesaid reasons. During the year 2001 the horse population increased to about 825 and, in part, due to the announced increase for the year 2002 there has been an influx of horses and it is expected that the horse population for this season will reach 925.

There was a small decrease in the "backstretch" employment created by the running of the live meet. Again the MHRC and MJC are discussing the implementation of programs to increase backstretch employment.

The Horsemen's Benevolent and Protective Association (H.B.P.A.) and the MJC have continued with their "people programs" referred to in the report for 2001. These programs have become the standard to which other tracks throughout North America are aspiring and reflect very well on the industry in Manitoba.

STANDARDBRED RACING

During the summer of 2001 the Manitoba Great Western Harness Racing Circuit (M.G.W.H.R.C.) scheduled 22 days and raced 21 (losing one day to inclement weather) – a planned decrease of 10 days from the year 2000. This had the desired effect of

increasing the average purse per race, increasing the number of horses per race, and increasing the average daily wager. It also led to increased competitiveness and a "better entertainment product". Notwithstanding the decrease in the number of days the total betting did not decline remaining at approximately $172,500. The average per day wagering increased from $5,558 per day to $8,224.

This reversed a long continuing trend of decreases in the daily average wagering. This reversal was due to not only the decrease in the number of days but to the implementation of programs by the industry and the MHRC as referred to in the last annual report of the MHRC.

The MHRC has granted a license to the M.G.W.H.R.C. to race for 21 days during the summer of 2002. At date of writing the extent of rural racing for 2002 is uncertain.

QUARTER HORSE RACING

As anticipated, Quarter Horse racing returned to rural Manitoba with a successful two days meet at Rossburn. Additionally, more races were held at Assiniboia Downs in Winnipeg including an American Quarter Horse Association funded stake race of $10,000 (U.S. funds). For the year 2002 racing will once again take place at Rossburn and Assiniboia Downs including a $30,000 (U.S. funds) stake race.

SCHEDULE A

Assiniboia Downs

Thoroughbred Live Racing Season (May 5/01 – September 30/01)

	2001	2000
Thoroughbred Handle	6,057,348	6,217,369
Simulcast Handle	11,916,467	10,816,494
Total Handle	$ 17,973,815	$ 17,033,863
Number of Live Race Days	74	75
Number of Races (Live)	600	601
Number of Simulcast Days	149	149
Average Daily Handle (Live)	81,856	82,898
Average Daily Handle (Simulcast)	79,976	72,594
Gross Purses	4,471,514	4,354,853
Per Race Purse Average	7,452	7,246

Simulcast Racing Season

	2001/02	2000/01
Pari-Mutuel Handle	$ 17,704,085	$ 15,759,159
Number of race days	215	215
Average Daily Handle	82,345	73,298

Totals

	2001/02	2000/01
Pari-Mutuel Handle	$ 35,677,900	$ 32,793,022
Number of race days	364	364
Average Daily Handle	98,016	90,090

SCHEDULE B

Rural Racing

	Racing Days		Amount Wagered	
Standardbred	**2001**	**2000**	**2001**	**2000**
Dauphin	2	2	$ 24,694	$ 19,274
Deloraine	1	2	7,130	10,937
Glenboro	2	2	15,220	12,933
Holland	2	4	16,442	19,970
Killarney	4	4	31,327	37,535
Minnedosa	2	0	18,570	0
Portage	2	2	14,191	13,021
Wawanesa	2	3	23,144	17,175
Miami	2	6	13,677	30,352
Extended (Holland)	0	6	0	11,132
Carman	2	0	8,320	0
	21	31	$ 172,715	$ 172,302
Quarter Horse				
Rossburn	2	0	$ 6,812	$ 0
TOTALS:	23	31	$ 179,527	$ 172,302

Other Comparative Statistics

	2001	2000
Gross Purses - Standardbred	$ 385,335	$ 358,312
Per Race Purse Average - Standardbred	$ 1,966	$ 1,572

Provincial Support Programs

	2001	2000
Overnight Support - Standardbred	$ 373,439	$ 358,328
Breeders/Owners Incentives - Standardbred	134,300	134,300
Breeders/Owners Incentives – Quarter Horse	22,200	14,700
TOTALS	$ 529,939	$ 507,328

Note: For the year 2000 only Quarter Horse racing was only at Assiniboia Downs.

SCHEDULE C

MANITOBA HORSE RACING COMMISSION

Occupational Licenses and Registrations for the year ending March 31, 2002

Occupational Licenses	Thoroughbred		Standardbred	
	2001	2000	2001	2000
Owner/Trainer	122	129	21	19
Trainer	41	39	0	2
Assistant Trainer	11	17	0	1
Owner/Trainer/Driver	0	0	24	24
Owner/Driver	0	0	5	2
Jockey (1/4 & Amateur incl.)	27	33	0	0
Apprentice Jockey/Exercise Rider	59	55	0	0
Driver	0	0	4	7
Driver/Trainer	0	0	1	0
Jockey Agent	8	5	0	0
Officials	12	12	5	6
Backstretch	208	217	20	18
Occ 1 (Assoc., Kitchen, etc.)	132	159	1	1
Occ 2 (Press, etc.)	28	10	0	0
Occ 3 (Tradesmen, etc.)	27	30	0	1
Occ 5 (Veterinarians, etc.)	6	7	1	2
TOTAL LICENSES ISSUED:	681	713	82	83

Registrations & Non-Occupational	Thoroughbred		Standardbred	
	2001	2000	2001	2000
Owners	560	596	89	85
Sponsored Persons	118	134		1
Partnerships	207	211		
Stable Names	139	142		
Colours	28	27		
Leases	4	10		
Authorized Agents	192	185		
Open Claims		16		

	Quarter Horse	
	2001	2000
All Categories	65	

SCHEDULE D

MANITOBA HORSE RACING COMMISSION

Thoroughbred	2001	2000
Rulings	157	94
Fines	$ 9,525	$ 6,700
Suspensions	24	27
Claims	$ 625,625	$ 397,750

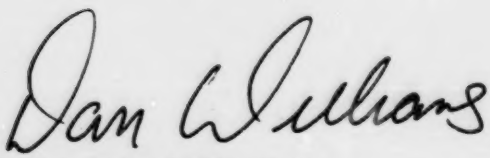
Standardbred	2001	2000
Rulings	24	45
Fines	$ 875	$ 1,450
Suspensions	3	6
Claims	$ 20,625	$ 4,500

MANAGEMENT REPORT

The accompanying financial statements are the responsibility of management and have been prepared in accordance with the accounting policies stated in Note 2 to the financial statements. In management's opinion the financial statements have been properly prepared within reasonable limits of materiality, incorporating management's best judgment regarding all necessary estimates and all other data available. The financial information presented elsewhere in the annual report, is consistent with that in the financial statements.

Management maintains internal controls to provide reasonable assurance as to the reliability and accuracy of the financial information and to ensure that the assets of the Commission are properly safeguarded.

The responsibility of the Provincial Auditor is to express an independent professional opinion as to whether the financial statements are presented fairly, in all material respects. The Provincial Auditor's report is included in the annual report.



D.F. WILLIAMS, Q.C.
Executive Director

ISER KAY, C.M.A.
Comptroller

Date: May 3rd, 2002

The Horse Racing Commission Financial Statements

March 31, 2002

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Office of the Auditor General

500 - 330 Portage Avenue
Winnipeg, Manitoba
CANADA R3C 0C4

AUDITORS' REPORT

To The Legislative Assembly and
The Directors of The Horse Racing Commission

We have audited the balance sheet of The Horse Racing Commission as at March 31, 2002 and the statements of operating revenue and expenditure and fund balances and general fund operating expenditure for the year then ended. These financial statements are the responsibility of the Commission's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Commission as at March 31, 2002 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Office of the Auditor General

Office of the Auditor General

Winnipeg, Manitoba
May 3, 2002

THE HORSE RACING COMMISSION

Exhibit A

Balance Sheet
as at March 31, 2002
(with 2001 figures for comparison)

		Restricted Funds				Total Year ended March 31	
Assets	General Fund	Pari-mutuel Levy Fund	H.B.P.A. Fund	C.T.H.S. Fund	General Support Fund	**2002**	2001
Current assets:							
Cash on hand and in bank	$ 227,966	$ -	$ 362,628	$ 268,482	$ -	$ **859,076**	$ 865,204
Due from General Fund	-	-	-	-	2,397	**2,397**	28,757
Pari-mutuel levy receivable	-	65,915	-	-	-	**65,915**	44,625
Pari-mutuel levy distribution receivable	6,748	-	46,454	12,713	-	**65,915**	44,625
Receivable - other	100	-	-	-	-	**100**	-
	234,814	65,915	409,082	281,195	2,397	**993,403**	983,211
Long-term funding commitments							
Province of Manitoba	261,007	-	-	-	-	**261,007**	233,793
	$ 495,821	$ 65,915	$ 409,082	$ 281,195	$ 2,397	$ **1,254,410**	$ 1,217,004
Liabilities							
Current liabilities:							
Accounts payable and accrued liabilities	$ 33,209	$ -	$ 409,082	$ 281,195	$ 2,397	$ **725,883**	$ 679,494
Deferred revenue	3,415	-	-	-	-	**3,415**	-
Due to C.T.H.S. Fund	-	12,713	-	-	-	**12,713**	8,473
Due to General Fund	-	6,748	-	-	-	**6,748**	4,613
Due to General Support Fund	2,397	-	-	-	-	**2,397**	28,757
Due to H.B.P.A. Fund	-	46,454	-	-	-	**46,454**	31,539
	39,021	65,915	409,082	281,195	2,397	**797,610**	752,876
Long-term liability:							
Provision for employee pension benefits	261,007	-	-	-	-	**261,007**	233,793
	300,028	65,915	409,082	281,195	2,397	**1,058,617**	986,669
Unrestricted fund balances end of year, Exhibit B	195,793	-	-	-	-	**195,793**	230,335
	$ 495,821	$ 65,915	$ 409,082	$ 281,195	$ 2,397	$ **1,254,410**	$ 1,217,004

APPROVED BY THE COMMISSION

Chairman

Comptroller

THE HORSE RACING COMMISSION

Exhibit B

Statement of Operating Revenue and Expenditure and Fund Balances
for the year ended March 31, 2002
(with 2001 figures for comparison)

	General Fund	Restricted Funds: Pari-mutuel Levy Fund	Restricted Funds: H.B.P.A. Fund	Restricted Funds: C.T.H.S. Fund	Restricted Funds: General Support Fund	Total Year ended March 31 2002	Total Year ended March 31 2001
Revenue:							
Fees, licenses and fines (Note 4)	$ 101,492	$ -	$ -	$ -	$ -	$ 101,492	$ 99,695
Grant from the Government of the Province of Manitoba	-	-	-	-	-	-	141,800
Grant from The Horse Racing Commission	-	-	-	-	12,478	12,478	16,228
Grant from the Manitoba Lotteries Distribution System	-	-	-	-	491,100	491,100	491,100
Interest	7,315	-	4,653	6,679	-	18,647	31,368
Pari-mutuel levy	-	3,421,685	-	-	-	3,421,685	3,131,447
Pari-mutuel levy fund distribution	356,844	-	2,424,530	640,311	-	3,421,685	3,131,447
Sundry	708	-	-	-	-	708	-
Long-term funding commitments - Province of Manitoba	27,214	-	-	-	-	27,214	27,199
	493,573	3,421,685	2,429,183	646,990	503,578	7,495,009	7,070,284
Expenditure:							
General Fund expenditures, Exhibit C	528,115	-	-	-	-	528,115	557,580
Overnight purse support thoroughbred	-	-	2,429,183	-	-	2,429,183	2,226,857
Owners/breeders incentive thoroughbred	-	-	-	646,990	-	646,990	593,804
Pari-mutuel levy fund distribution	-	3,421,685	-	-	-	3,421,685	3,131,447
Quarter Horse support	-	-	-	-	22,200	22,200	14,700
Standardbred rural support	-	-	-	-	481,378	481,378	492,628
	528,115	3,421,685	2,429,183	646,990	503,578	7,529,551	7,017,016
(Deficiency) excess of revenues over expenses	(34,542)	-	-	-	-	(34,542)	53,268
Fund balances, beginning of year	230,335	-	-	-	-	230,335	177,067
Fund balances, end of year	$ 195,793	$ -	$ -	$ -	$ -	$ 195,793	$ 230,335

THE HORSE RACING COMMISSION

Exhibit C

Statement of General Fund Operating Expenditure
for the year ended March 31, 2002
(with 2001 figures for comparison)

	2002	2001
Expenditure:		
Advertising and promotion	$ 688	$ 3,831
Commissioners' per diem and honoraria	19,231	31,658
Drug, alcohol and security	8,376	8,254
Employee benefits	33,469	24,800
Equipment and office furniture	3,587	17,682
Equipment rentals	8,697	6,079
Memberships and dues	4,717	6,039
Office	8,744	7,929
Pension cost	30,988	30,652
Professional fees	87,434	87,969
Recruiting costs	-	2,732
Repairs and maintenance	6,403	7,004
Research grant	(5,000)	5,000
Salaries		
Administration	55,821	59,660
Security	25,253	22,939
Stewards and judges	147,037	136,524
Veterinarian services	44,790	46,197
Sundry	922	630
Support grant	12,478	16,228
Telephone	7,130	7,913
Travel	27,350	27,860
	$ 528,115	$ 557,580

THE HORSE RACING COMMISSION

Notes to the Financial Statements
for the year ended March 31, 2002

1. Nature of operations

The objectives of the Commission are to govern, direct, control and regulate horse racing and the operations of horse race tracks in Manitoba.

The operating expenditures of the Commission in excess of revenue derived from its regulatory activities are funded through an appropriation of the Government of the Province of Manitoba. Administrative grant monies drawn down in excess of actual expenditures are retained by the Commission. However, such retained funds in excess of actual expenditures reduce subsequent administrative grants.

Revenues and expenditures related to program delivery and administrative activities of the Manitoba Horse Racing Commission are reported in the General Fund.

Effective April 1, 1997, Pari-mutuel Levy and Consequential Amendments Act (the "Act") was enacted. The act provides for the establishment of a Pari-mutuel Levy Fund for the promotion of horse racing in Manitoba. The fund is collected by the Commission and distributed in accordance with a Plan For Distribution, as required by the Act.

Horsemen's Benevolent Protection Association (H.B.P.A.) Fund is to be used for overnight purses at Assiniboia Downs. Funding for the H.B.P.A. Fund is provided through the Pari-mutuel Levy and Consequential Amendments Act based on the Plan For Distribution approved by the minister.

Canadian Thoroughbred Horsemen Society (C.T.H.S.) Fund is to be used for breeder's and owner's incentives at Assiniboia Downs. Funding for the C.T.H.S. Fund is provided through the Pari-mutuel Levy and Consequential Amendments Act based on the Plan For Distribution approved by the minister.

General Support Fund is used for funding of the rural circuit as well as Quarter Horse racing. Funding for the General Support Fund is provided through the Manitoba Lotteries Distribution System.

THE HORSE RACING COMMISSION

Notes to the Financial Statements
for the year ended March 31, 2002

2. Significant accounting policies

A) Revenue from the Province of Manitoba

Funding from the Province of Manitoba includes the Commission's share of provisions recorded for unfunded pension liabilities.

B) Pension costs

These consists of the employer's share of pension benefits paid to retired employees, as well as the increase in unfunded pension liabilities during the fiscal year. This liability is determined actuarially every three years with the balances for the intervening years begin determined by formula provided by the actuary. The most recent valuation was completed as at December 31, 1998.

C) Use of estimates

In preparing the Commission's financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenue and expenses during the period. Actual results could differ from these estimates.

The Commission follows Canadian generally accepted accounting principles with the exception of:

A) Capitalization and depreciation

The costs of building renovations and purchases of equipment and office furniture, which are immaterial in amount, are charged directly to operations. Accordingly, depreciation is not provided for in the accounts.

3. Accounting for pension liability and expenses

The Commission follows the accrual method of accounting for its unfunded pension liability.

The Province of Manitoba has accepted responsibility for the unfunded portion of the pension liability. Accordingly the provision of employee pension benefits is offset by a receivable from the Province of Manitoba. There are no terms of repayment for this receivable.

THE HORSE RACING COMMISSION

Notes to the Financial Statements
for the year ended March 31, 2002

4. Fees, licenses and fines	2002	2001
Assiniboia Downs		
Daily licenses	$ 52,360	$ 52,150
Fees and licenses	33,728	34,826
Fines	10,309	6,114
	96,397	93,090
Rural Circuit		
Daily licenses	2,625	3,875
Fees and licenses	1,625	1,305
Fines	845	1,425
	5,095	6,605
	$ 101,492	$ 99,695